



***Strategic
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Company Announcements Platform
Australian Stock Exchange
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Via ASX Online

OXIANA TO FARM IN TO THE WOOLGAR GOLD PROJECT

The Company is pleased to advise that it has accepted a proposal from Oxiana Limited (Oxiana) to farm into the Woolgar Gold project in central North Queensland.

The terms of the agreement provide for Oxiana to earn up to 70% of the Woolgar project through various farm-in stages.

Oxiana is an Australian listed mid cap base and precious metal company with operations in Asia and Australia. Oxiana is extremely highly regarded in the resource sector for its exploration, development and operating performance, Strategic's Technical Director and geological consultant, Mr Roland Bartsch, will work with Oxiana in the planning and management of the exploration activities at Woolgar.

The current global resource base at Woolgar of approximately 450,000 ounces consists of various deposits ranging from high grade near surface zones to large tonnage lower grade material.

As announced to the ASX in the company quarterly report for the period ended 31st December 2005 a recent independent economic study conducted by SRK Consulting Engineers and Scientists, for internal evaluation, delivered positive open pit economics for a smaller scale operation at current gold prices. The study included using preliminary estimates for the newly discovered Camp Vein and the Soapspar deposit and numerous mining assumptions requiring confirmation.

However testing of the deeper and regional gold resource potential at Woolgar is a priority for the Company, and the farm-in proposal of Oxiana provides an opportunity to accelerate the path to a potentially larger scale operation to achieve this objective.

Terms of the Farm-In

Stage 1 of the agreement provides for Oxiana to spend a minimum of \$2million in the first 12 months on district exploration. Oxiana will also take a \$1million placement of Strategic shares at 18 cents per share as part of the 1st stage.

Stage 2 provides for Oxiana to spend a further \$8 million over an estimated 18 to 24 months to earn 51 % by producing a scoping study for mining.

Oxiana earns no equity in the project if it elects not to continue beyond this point.

Stage 3 provides for Oxiana to earn a further 9% (to 60%) through the production of a positive pre-feasibility study for a mine development (guideline 6-9 months at an estimated cost of \$A5million)

In the event that Oxiana elects not to proceed after earning the 60% equity, its equity would revert to 49% and Strategic may buy back the Oxiana equity at 30% of Oxiana's past exploration expenditure to be repaid 50% at decision to mine and 50% from future gold production at Woolgar.

Strategic's interest reverts to 51% interest (Oxiana 49%) to regain management if Oxiana elects not to continue during stage 3.

Stage 4 provides for Oxiana to earn the maximum 70 % equity in the project through the submission of a bankable feasibility study for a mine (guideline 9-12 months at an estimated cost of \$A10 million)

In the event that Oxiana elects not to continue to proceed after earning 70% equity, its equity reverts to 49% and Strategic may buy back the Oxiana equity at 50% of Oxiana's past expenditure to be paid 50% at decision to mine and 50% from future gold production at Woolgar

Upon completion of a bankable feasibility study and decision to mine, the agreement provides for Oxiana to arrange Strategic's share of development finance on a non recourse basis (if possible) to Strategic.

Repayment of Strategic's contribution to development finance would be repaid from Strategic's free cash flow on an annual basis.

In the event that Oxiana decides to develop Strategic's existing resource base into production without adding at least an additional 200,000 ounces capable of being included in the mine plan, cash flow from production would be shared 50/50 Oxiana/Strategic.

W A C MARTIN
Managing Director

Note: The information in this report that relates to exploration results is based on information compiled by Strategic Mineral Corporation NL's Technical Director Mr Roland Bartsch MSc. BSc. (Hons) who is a member of the Australian Institute of Mining and Metallurgy. He has sufficient experience, which is relevant to the style of mineralization and type of deposit under consideration, and to the activity undertaken. He is qualified as a competent person as defined in the 2004 Edition of the "Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves ". He has consented to the inclusion of this information in the form and context in which it appears. The Australian Stock Exchange has not reviewed and does not accept responsibility

for the accuracy or adequacy of this release.